

ALLTEL Corporate Services, Inc.

655 15th Street N.W.  
Suite 220  
Washington, DC 20005  
202-783-3970  
202-783-3982 fax



November 5, 1996

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Federal Communications Commission  
Office of Secretary

Mr. William F. Caton  
Office of the Secretary  
Federal Communications Secretary  
1919 M Street, N.W.  
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: CC Docket No. 96-193  
Implementation of the Telecommunications Act of 1996  
Reform of Filing Requirements and Carrier Classifications  
Anchorage Telephone Utility, Petition for Withdrawal of  
Cost Allocation Manual

Dear Mr. Caton:

Enclosed for filing please find an original and eleven copies of the Reply Comments of ALLTEL Telephone Services Corporation, in the referenced proceeding.

Please address any questions respecting this matter to the undersigned counsel.

Very truly yours,

Carolyn C. Hill

CCH/ss

Enclosures

cc: Ms. Ernestine Creech (w/diskette)  
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Before the  
Federal Communications Commission  
Washington, D.C. 20554

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and Carrier Classifications	)	
	)	
Anchorage Telephone Utility, Petition for	)	AAD 95-91
Withdrawal of Cost Allocation Manual	)	

**REPLY COMMENTS OF**  
**ALLTEL TELEPHONE SERVICES CORPORATION**

**ALLTEL Telephone Services Corporation**

**Carolyn C. Hill**  
**655 15th Street, N.W.**  
**Suite 220**  
**Washington, D.C. 20005**  
**(202) 783-3974**

**Its Attorney**

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**ALLTEL Reply Comments**  
**November 5, 1996**

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Federal Communications Commission  
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**REPLY COMMENTS OF  
ALLTEL TELEPHONE SERVICES CORPORATION**

ALLTEL Telephone Services Corporation, on behalf of its local exchange affiliates, (hereinafter "ALLTEL"), respectfully submits its reply comments to the comments filed on October 15, 1996, in the above referenced proceeding.

**The Revenues Test Has Two Fundamental Defects**

Under the mantra of complying with the requirements of pertinent parts of Section 402(b) of the Telecommunications Act of 1996 ("96 Telecom Act") and the intent of the Congress to provide for a pro-competitive, de-regulatory national policy framework, the Commission seeks to revise its rules with respect to classifying which carriers must file ARMIS reports, cost allocation manuals and audit reports.

Unfortunately, in ALLTEL's view, the Commission's proposed rules miss the intent of the 96 Telecom Act. This is due in large measure to the fact that the proposed rules

will perpetuate a revenues test for classification of carriers that has two fundamental defects. The first is that the Commission's current revenues test has not been consistently applied or enunciated even within decisions on the same subject. There are Commission and Bureau decisions on the ARMIS filing requirements which differ in terms of the types of revenues (regulated vs. operating) and the duration of those revenues (five consecutive years vs. one year) with respect to the trigger point for filing ARMIS.<sup>1</sup> In this regard, ALLTEL supports the comments of Anchorage Telephone Utility ("Anchorage") with respect to the deficient legal underpinnings of the Commission's revenues test. See Anchorage comments pgs. 6-9.

The second defect is that the usage of revenues as a basis of carrier classification has been overcome both by time and the 96 Telecom Act. To perpetuate the "business as usual approach" reflected in the proposed rules, ignores the intent of the Congress and the reality of the competitive marketplace. Confirmation of the former is found in the report accompanying the 96 Telecom Act which indicates that a "level playing field" must be established for smaller companies facing "competition from a telecommunications carrier that is a large global or nationwide entity that has financial and technological resources that are significantly greater than (the smaller LECs') resources..." Joint Explanatory Statement at pg. 119. Further, confirmation of the reality of the competitive local exchange marketplace resides in the announcement on November 3rd of the merger of MCI and British Telecom. That

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<sup>1</sup> For example, see the Commission's 1987 Order adopting ARMIS, 2FCC Rcd. 5770, 5772, as compared to the 1988 ARMIS Order of the Deputy Chief, CCB, DA88-821, and as further compared to the 1992 ARMIS Order of the Chief, CCB, 7FCC Rcd. 1083.

transaction is monumental. It will, according to the Washington Post on November 4th, be the largest acquisition of a U.S. corporation by a foreign entity. It will create a company which will trail only Nippon and AT&T in revenues. It will invade the \$100 billion market in the U.S. for local telephone calls, the \$450 billion worldwide telecommunications market, and the developing \$175 billion market in helping corporations build and maintain computer networks.

It is against that backdrop that the proposed rules must be considered. Thus, ALLTEL submits that application of the proposed rules to mid-size and rural companies is unnecessary and will serve only to impose costly reporting requirements on a segment of the industry that the Congress intended to relieve from regulatory overkill.

#### The Two Percent Standard is the Correct One for Carrier Classification

With respect to what type of standard could be used to classify carriers if, in the current environment, the Commission determines that ARMIS and CAM filings are required, ALLTEL submits that the answer resides in the 96 Telecom Act. It is the "two percent" standard set forth in Section 251(f). It is a basis for carrier classification that has also been endorsed in the earlier filed comments of such parties as Anchorage (pgs. 14-15), Pacific Bell and Nevada Bell (pg. 6), Cincinnati Bell (pg. 6), and the United States Telephone Association (page 4). It is a standard that reflects the current environment and one that will serve the public interest. It is a standard that will nonetheless provide the Commission with information on carriers currently serving ninety percent (90%) of the access lines in the U.S., but is one that will ease the

burden of costly audits and extensive and detailed reporting by smaller companies. For these reasons, ALLTEL urges the Commission to adopt the two percent standard as the basis of carrier classification and to depart from a revenues test--however defined -- that was predicated on a monopoly environment that has been overtaken by current events.

### Conclusion

Finally, ALLTEL encourages the Commission in this proceeding and others, such as Tariff Streamlining, CC Dkt. 96-198, to utilize the extensive regulatory forbearance authority given to it under the 96 Telecom Act.

It serves no public interest goal if one small segment of the industry must continue to dance the mazurka while, on the global scale, its competitors have moved past the macarena.

Respectfully submitted,  
ALLTEL Telephone Services Corporation

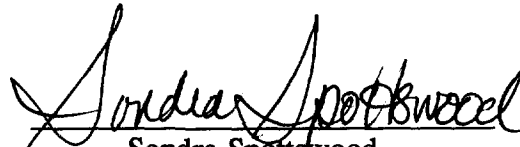
By: Carolyn C. Hill  
Carolyn C. Hill

ALLTEL Telephone Services Corporation  
655 15th Street, N.W.,  
Suite 220  
Washington, D.C. 20005  
(202) 783-3974

Dated: November 5, 1996

**CERTIFICATE OF SERVICE**

I hereby certify that I have on this 31<sup>st</sup> day of November, 1996 served all parties to this action with a copy of the foregoing Reply Comments by placing a true and correct copy of same in the United States mail, postage prepaid, addressed to the parties listed on the attached service list.

  
Sondra Spottswood

CHRISTOPHER J. WILSON  
JACK B. HARRISON  
Attorneys for Cincinnati Bell Telephone Company  
2500 PNC Center  
201 East Fifth Street  
Cincinnati, Ohio 45202

PAUL J. BERMAN/ALANE C. WEIXEL  
Covington & Burling  
Attorneys for Anchorage Telephone Utility  
1202 Pennsylvania Avenue, N.W.  
P.O. Box 7566  
Washington, D.C. 20004-7566

MARLIN D. ARD/APRIL J. RODEWALD-FOUT  
LUCILLE M. MATES  
Attorneys for Pacific Bell Nevada Bell  
140 New Montgomery Street, Room 1526  
San Francisco, CA 94105

ALAN BUZACOTT  
Attorney for MCI Telecommunications Corporation  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

JOE D. EDGE  
GEORGE GALT  
Drinker, Biddle & Reath  
Counsel for Puerto Rico Telephone Company  
901 Fifteenth Street, N.W.  
Washington, D.C. 20005

GAIL L. POLIVY  
Attorney for GTE Service Corporation  
1850 M Street, N.W.  
Suite 1200  
Washington, D.C. 20036

CAMPBELL L. AYLING  
Attorney for The NYNEX Telephone Companies  
1111 Westchester Avenue  
White Plains, NY 10604

THOMAS E. TAYLOR  
Sr. Vice President - General Counsel  
Cincinnati Bell Telephone Company  
201 East Fourth Street, 6th Floor  
Cincinnati, Ohio 45202

MARY McDERMOTT/LINDA KENT  
CHARLES D. COSSON/KEITH TOWNSEND  
Attorneys for United States Telephone Association  
1401 H Street, N.W.  
Suite 600  
Washington, D.C. 20005

MARGARET E. GARBER  
Attorney for Pacific Bell  
Nevada Bell  
1275 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

TERESA MARRETO  
Senior Regulatory Counsel - Federal  
TELEPORT COMMUNICATIONS GROUP, INC.  
Two Teleport Drive  
Staten Island, NY 10311

RICHARD McKENNA  
Attorney for  
GTE Service Corporation  
P.O. Box 152092  
Irvington, TX 75015-2092

ALAN N. BAKER  
Attorney for Ameritech  
2000 West Ameritech Center Drive  
Hoffman Estates, IL 60196

ROBERT B. McKENNA  
Attorney for U S West, Inc.  
1020 19th Street  
Suite 700  
Washington, D.C. 20036



---

EDWARD D. YOUNG, III  
MICHAEL E. GLOVER  
LAWRENCE W. KATZ  
Attorneys for The Bell Atlantic Telephone Companies  
1320 North Court House Road, Eighth Floor  
Arlington, Virginia 22201

CRAIG T. SMITH  
Attorney for Sprint Corporation  
P.O. Box 11315  
Kansas City, MO 64112

ROBERT M. LYNCH/DURWARD D. DUPRE  
MARY W. MARKS/JONATHAN W. ROYSTON  
Attorneys for Southwestern Bell Telephone Company  
One Bell Center, Room 3520  
St. Louis, Missouri 63101

Ms. Ernestine Creech, Common Carrier Bureau  
Accounting and Audits Division  
2000 L Street, N.W.  
Suite 257  
Washington, D.C. 20554 (with diskette)  
(By Courier)

JAY C. KEITHLEY  
Attorney for Sprint Corporation  
1850 M Street, N.W.  
Suite 1100  
Washington, D.C. 20036

WILLIAM B. BARFIELD  
M. ROBERT SUTHERLAND  
BellSouth Corporation and  
BellSouth Telecommunications, Inc.  
1155 Peachtree Street, N.E., Suite 1700  
Atlanta, GA 30309-3610

INTERNATIONAL TRANSCRIPTION SERVICES,  
INC.  
2100 M Street, N.W., Suite 140  
Washington, D.C. 20037  
(By Courier)